Bringing more service providers under tax net

2278. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Central Board of Excise and Customs is considering to bring more service providers under the tex net;

(b) whether it is also a fact that CBEC propose to do away the condition that service provider is a commercial concern;

(c) whether the societies and non-profit organizations should also pay 10.2 per cent service tax; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The proposals of the Government to increase the coverage of service tax net including the delection of the condition that the service provider is a commercial concern, are contained in clause 68 of the Finance Bill, 2006, introduced by the Finance Minister in Lok Sabha on 28th February, 2006.

(c) and (d) At present, service tax is leviable on eighty four taxable services specified in clause (105) of Section 65 of Finance Act, 1994. The status of the person liable to pay service tax is specified in the respective taxable service.

Spending on infrastructure development

2279. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government instead of spending in infrastructure development has reserved 20 per cent of its revenue as surplus with RBI;

(b) what is the purpose of having that much of unspent money when the Banks are battling for liquidity crunch; and

(c) whether it is helping Government to curtail fiscal deficit and inflation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(b) The surplus cash balance of Central Government arise from interplay of various factors, including surplus cash balances of State Governments through investment in 14 days, intermediate treasury bills of Government